

## PRESS BRIEFING

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Acting Chair, Council on Environmental Quality George Frampton  
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AMBASSADOR BARSHEFSKY: Let me just start very briefly with just a little bit of update on where we are on the negotiating process and offer some folks who are here to be available to you.

A number of the working groups worked very late into the evening, some overnight -- completely overnight -- and three of the groups have produced new text which was distributed this morning to the members of their working group. The group that has, I think, produced yet a further revision is in agriculture, I believe, although Dan Glickman could update you further on that.

We had a meeting this morning of all of the co-chairs. We then had a meeting this morning of the committee as a whole, which would be all of the ministers and their key staff. The working groups continued. The chairs of the working groups are all empowered, of course, to meet with countries bilaterally or pluraliterally, however they feel in terms of their own working group that they can drive toward consensus, which has from the beginning been the power of the chairs of these working groups to do; that is, that Mike Moore and I had instructed them that we would hope they would drive their groups to full consensus on the various issues within their charge -- and they're taking this mandate very, very, seriously and they are working their groups very hard.

The groups themselves, of course, are composed of all of the delegations that wish to participate in that group and so these are open groups to all of the delegations. And in most, all or a vast majority of delegations are participating.

Mike Moore and I received a very full report from the working group chairs at about 12:30 this afternoon. They have all asked for additional time to produce text which they believe will be quite nearer to consensus, based on quite significant progress many felt had been made during the morning sessions. So we have asked that they report back to us at about 6 o'clock or so this evening, at which point collectively we'll make an assessment as to the best process to follow, which may well be a continuation of these same working groups.

The only other point that I would make is that in the morning committee as a whole -- that is, the committee of all of the ministers -- each working group chair gave a reasonably detailed report of where they were in their working group, including with respect to issues that seemed either particularly difficult or of special relevance, of a cross-cutting nature between working groups so that the body as a whole would be fully informed as to where each group stood. And that then allowed the various delegations to allocate their own internal resources in the manner they feel most appropriate based on the current status of where all of the groups are in their work.

I don't want to get into the specifics of the reports that were provided except to say that both Mike Moore and I felt and the working group chairs felt that the process that we had embarked upon two days ago was, in fact, yielding some quite significant results and that that process should continue.

So with that, I think we're available to answer questions.

Q: Commissioner Lamy made some rather harsh comments on the process that's going on at this meeting. He's very concerned. He said he was very worried and said that you would have to be a magician to get an agreement out of this process. Can you respond to that and let us know if there will be any changes in the procedures?

AMBASSADOR BARSHEFSKY: I think that the working group chairs would have a very different view from the chair expressed by Commissioner Lamy based on the reports that they have given from the progress made in their groups. Our intention in setting up the process that we did was to ensure something that had never before been in practice in 50 years of global trade negotiations, and that was full transparency for all delegations as to what was being negotiated.

The process, including even at Singapore as recently as three years ago, was a rather exclusionary one. All meetings were held among between 20 and 30 key countries. There was no working group process. And that meant 100 countries, 100, were never in the room. As you know, for many countries this then led to an extraordinarily bad feeling that they were left out of the process and that the results even at Singapore had been dictated to them by the 25 or 30 privileged countries who were in the room.

I felt strongly and Mike Moore felt strongly that in a democratizing world, and given the transparencies of focus of WTO, we could not possibly run a process in that same way. I don't think that Pascal Lamy can object or would object to the notion that the process has to be transparent and accessible not just to the rich countries, which has always been the case, but to the poor countries, which has never been the case.

Now having said that, I and Mike Moore have put tremendous pressure on the working group chairs to reach consensus text in their groups. And I have also made very clear and I reiterated to all ministers today that, if we are unable to achieve that goal, I fully reserve the right to also use a more exclusive process to achieve a final outcome. There is no question about either my right as the chair to do it or my intention as the chair to do it, but it is not the way I want this to be done.

And the result of that conversation which we had quite bluntly this morning, including in the committee as a whole, is that ever more progress is being recorded by countries who understand quite fully that an open process is far preferable to the process that has existed within the GATT system and the WTO.

Q: Three questions. One is President Clinton has spoke of compulsory licensing for developing countries facing health epidemics. Are you going to announce this as a deliverable in the Seattle declaration that will be unveiled tomorrow?

The second question, today in the morning and the whole committee several developing countries have been unhappy that processes have not been transparent. Though you have clarified on this issue, is there going to be a much more open process today and tomorrow that will be open to the developing countries?

The third question on core labor standards, the Japanese today announced a text in the WTO whole committee meeting. Will this text be circulated to all the countries? Will this form the basis of a discussion on the core labor standards?

AMBASSADOR BARSHEFSKY: If I might, let me take each in turn. The President, as you know, in his speech yesterday did announce that the protection of intellectual property rights is obviously critical and is the foundation of a modern economy. He also said, however, that in the case of a health crisis, particularly the issue of HIV-AIDS, that U.S. intellectual property rights policy, while consistent with the intellectual property agreements of the WTO, would also be administered in a manner flexible enough to insure affordable medicines for the poorest countries. That is the position of the United States and from that position the Secretary of Health and Human Services in the United States, Ms. Donna Shalala, and I as the U.S. Trade Representative have now embarked upon a process by which the following would occur.

If a country comes to us and indicates that there is a health crisis or health emergency, particularly in respect of HIV-AIDS, we would consult with the Department of Health and Human Services, who of course, as you know, consults routinely with the World Health Organization and other such institutions on the matter. We would then be informed of that series of discussions and would take action which we believe would appropriately protect intellectual property rights but provide for the ability of the country at issue to ensure that adequate and effective medications would be available in a cost-effective manner. This is not a "deliverable" for Seattle. This is an announcement by the President of United States policy, particularly in the case of HIV-AIDS.

With respect to your second question that perhaps certain developing countries are unhappy with the process, I can't imagine how a country which is finally included in the process could be unhappy with the transparency of it. All countries -- all countries -- are included in every working group.

And I should have mentioned, but I added an additional requirement of our working group committee chairs today. The chairs have held a number of discussions bilaterally or pluraliterally with groups of countries within their working group and the requirement that I added today was that, at the end of the morning session today, the content of all such discussions had to be disclosed to the entirety of the working group and that any conclusions, alterations in text or otherwise that were occasioned by such discussions needed specifically to be pointed out to the entirety of the committee -- again, because countries have a right to know what is being discussed if they happen not to be among the discussants. This is also a quite radical change in policies from previously.

And, last, I have not seen a Japanese text on the issue of core labor standards. The texts are typically filed with the WTO Secretariat and they go through a Secretariat process first. I have

not seen it and so I can't comment on it.

Q: I come from Tanzania. You are saying that this process is more or less like transparent, but what happened yesterday on the new issues showed how the system hasn't been fair to developing countries. It reached the point where some ministers from developing countries had to come very hard on the chairman despite the fact that this ministers expressed their reservations about the whole process. Still, the chair went ahead and said his position is the position of the group.

This shows how this organ needs to be made more democratic; otherwise, the interests of developing countries won't be reflected. And if we are told we are trying to reach a consensus, a consensus won't be reached by just a few countries saying that's the position of the world body.

Thanks.

AMBASSADOR BARSHEFSKY: If I might say, I am not aware of that situation so I find it odd that perhaps the delegations might have come to you but not to me or Mike Moore.

Second of all, there was one criticism lodged with respect to the process in one of the groups but it was a criticism that was not justified, as follows. An issue arose with respect to textual suggestions made by a number of developing countries, yet the text they received did not contain their suggestions. And it was explained fully to the satisfaction of all members that the text that was received had been printed before language had been provided reflecting the views of the countries that were concerned; and it was further said that the second generation of text, which was to have come out about 2:00 this afternoon, would fully reflect the new language that had been provided after the first text had already been reproduced.

So that issue has been taken care of. I'm not aware of any other such problem.

Q: Environmental groups have raised concerns about your plans to push through the ATL [Accelerated Tariff Liberalization] on forest products. In light of your own study that shows increased logging rates in Malaysia and Indonesia, can you explain how these environmental concerns are being resolved prior to a signed agreement on ATL and the current status of the ATL?

Secondly, the EU [European Union] and Japan working paper yesterday called for discussion during the round of non-tariff measures. Environmental groups have asked for language that would exclude discussion of NTMs, the removal of which would harm the environment. Could you explain your position on that issue as well?

And, lastly, on the issue of transparency for NGOs which we talked about yesterday, how should we view this in light of the fact that a lawsuit was required to open up the industry sector advisory committees earlier this year?

AMBASSADOR BARSHEFSKY: On the lawsuit, I don't really have any comment because the litigation is pending, except to say this: We have tried very much to diversify membership in our

statutory private sector advisory groups. Apart from diversifying the membership, as you know, on the premier, if you will, private sector advisory group, we have inter-developmental representatives, a number of labor representatives, the head of consumers' union and so on, as well as business and some academics and so on. And we're continuing to diversify, but that's not too bad.

Apart from that, this administration created the private sector advisory group on the environment; that is, trade in the environment. It is co-chaired by a business person and an environmental academic. It is populated largely by NGO groups as well as several academics and some business participation. That group actually produced one of the papers on transparency which we then used as the basis for our transparency initiatives in the WTO. It was a very, very good paper. That is what we used, converted a little bit to add in some elements that was the U.S. position put forth here.

So I think that the issue of diversification is a critical one. It's one of which I am quite seized. We've been working on it; I think we've made very good process. The creation of the TPAC [Trade Policy Advisory Committee] environmental group, the creation of the labor advisory group also I think helped diversify the input, because I agree completely, completely with the NGO community that U.S. policy -- I don't have to say trade policy -- U.S. policy must be open to input, equal input, not just from business but from NGOs, labor, consumer representative and others who have a stake in both domestic and international policy initiatives.

I apologize. Let's see I've lost your list here.

With respect to the ATL enforced product initiative, I think the best person would be George Frampton on that issue. So if I might call on him.

MR. FRAMPTON: I'm George Frampton. I'm the Acting Chair of the White House Council on Environmental Quality. With respect to the forest questions, that's an issue that came up in the President's meeting with environmental leaders. Incidentally, that was a very warm meeting. They praised our position on transparency, encouraged him to be proactive -- our position on fishing subsidies.

The forestry issue was raised by Carl Pope, Executive Director of the Sierra Club. I would say -- it's fair to say the environmental groups tacitly acknowledge that the tariff issue is really not a big issue. Contrary to what you perhaps have read and seen in the streets, there is a consensus among environmental groups who are knowledgeable on this that the real issue is not a tariff issue. In fact, there have been two environmental coalition economic analyses as well as the administration's environmental review of the tariff reduction proposals of the ATL, and all of them show that tariff reductions to zero actually will have minimal, if any, impact on world forests.

The real issue that the environmental community, those engaged in this over the last few years, the real issue they're interested in and concerned about is whether further liberalization efforts will come to someone will want to target as discriminatory non-tariff barriers to trade legitimate forest protection provisions; for example, eco-labeling.

That's what they're really concerned about, and the President acknowledged that he understood also that tariffs were really not an important issue; the important issue, which is not on the table here -- I want to make clear, not on the table at all right now -- is that the future concern or fear that non-tariff measures might be attacked. And he made it clear that he's strongly sympathetic with their position; that we believe the WTO rules protect legitimate non-discriminatory forest protection measures, and that we will make sure that their integrity is maintained. Now, not all non-tariff barriers perhaps would be protected in the forest area. There are forest subsidies, for example, that might be anti-environmental.

But as a result of this dialogue last night, Charlene and I have -- Ambassador Barshefsky and I have issued a statement today which is available here, making clear that the U.S. does stand committed and the President does stand committed to maintain the integrity of legitimate forest protection measures in the future to try to calm some of those fears which we think are unfounded.

Thank you.

AMBASSADOR BARSHEFSKY: Could I add, just if I might, one last point on this? There is a separate series of issues with respect to the maintenance of sustainable forestry practices. This is a very big issue -- well, you know this. This is a very big issue in many countries.

In the APEC [Asia-Pacific Economic Cooperation forum] context where this initiative first arose, we also developed a committee to look at technical assistance with respect to sustainable forest management practices. And I think that this is in the longer term. This doesn't really pertain to Seattle because this isn't on the table in any real way. But I think in the longer term, once we have a little more experience with this in the APEC context among the Asia-Pacific countries, I think it's worth our looking at this in a WTO context, the extent to which there are a series of best practices on forestry management that can become, frankly, more universalized in application.

So I just raise that. This is an APEC issue now. We're just beginning this initiative, but I do think it's one that we're going to want to work on in APEC in a smaller context and then take a more careful look at that on a broader basis.

Q: What would the texts have to look like to warrant this more selective process? I don't know if you count the brackets or, you know, how would that work? How would you determine what the threshold would be? Who would be in the selective group in terms of number and, I don't know, from certain countries, or who would they be?

And then, also, I wonder if Secretary Glickman could talk about the ag text. We seem to be heading towards reduction of export subsidies, not elimination. I was wondering if you could explain, you know, what concerns U.S. farmers might have with that outcome, if that is the end result.

AMBASSADOR BARSHEFSKY: I don't think that counting brackets is a very useful exercise because most ministers get paid by the bracket and, ultimately, most of the brackets really are of

absolutely no meaning or consequence whatever.

I think that any decision to change the process will be made by what I have called our management committee. And our management committee consists, apart from Mike Moore and myself, of the four committee chairs and co-chairs; in addition, three vice chairs of the ministerial conference itself who were designated at Singapore, as well as the four deputy director generals of the WTO who have assisted in the preparation of texts and who have sat in on all of the discussions of all of the groups.

That is our management team, if you will. It's quite an excellent cross-section ranging from among the poorest countries to the wealthiest countries, as well as very broad geographic spread. And all of the decisions that I have taken -- all of them -- have been with the management committee. We really have operated very, very well -- I think very efficiently -- because I feel that, again, expanding the number of genuine participants in the process is the direction in which the WTO must go internally -- internally. The old way is not the right way.

So that's the management group, and I can't answer your question depending on how the management group feels about progress made at the next reporting requirement which is, as I said, roughly 6 o'clock or so this evening.

SECRETARY GLICKMAN: If you want me to take the agriculture question quickly, we've had a number of meetings today with Chairman Yeo of Singapore, the trade minister, Ambassador Scher [U.S. Special Trade Negotiator for Agriculture Peter Scher] and I have been there. The Chairman has developed a new draft text which is viewed by many countries, including the U.S., is making significant progress. There is still some disagreement, but we are confident we can reach consensus.

Now I make a couple of things without going into great detail because the text was changing a bit beforehand. It does call both for substantial reductions, and it does mention the word elimination as it relates to export subsidies. So both terms are in the draft text, substantial reduction as well as elimination, and I don't want to go into much more detail now because it's still going to be discussed.

There is a lot of discussion about the concept of multi-functionality. That word is not in the text as the Chairman presented it, although there was some disagreement. There are, however, some non-tariff discussions of rural life and other issues in the text. But Japan and other countries still feel very strongly that multi-functionality needs to be in, and that matter is obviously still being discussed.

Market access negotiations would be comprehensive and non-trade concerns of the multi-functionality type would be limited to non trade-distorting measures. So there's a lot more in there, but we view this as progress. It's obviously an issue that countries feel very, very strongly about, but it does seem to be moving forward rather well.

Q: Mr. Secretary, if I could just follow up on that, to what extent is the U.S. willing to be flexible

on reduction of export subsidies or elimination of export subsidies?

SECRETARY GLICKMAN: First of all, this is a framework under which negotiations will then occur afterwards. So you know the question of flexibility will really relate more to the progress of negotiating a trade agreement. This framework, however, does take the subject of export subsidies and does talk about them both in the context of substantial reduction as well as mentioning the word elimination in its appropriate context in the text which you'd have to take a look at to see. I don't have the text right in front of me now.

So I mean, obviously, we feel very strongly about elimination of export subsidies. There was obviously some disagreement by the EU and other places, although a majority of the countries in the working group that we participated in agreed with the U.S. belief on this thing. So it's still being worked through and obviously we're trying to reach consensus from everybody there. But at least I think there is a clear statement that export subsidies are things that the world needs to be without, and the question is at what pace and how it's done. I'm feeling pretty good that we will reach consensus on this.

Q: Some of the developing countries continue to express concerns about Mr. Clinton's comments linking sanctions and labor standards. First of all, can you clarify perhaps what is the U.S. position on that? And secondly, has it caused you any problems today in damage control, et cetera?

AMBASSADOR BARSHEFSKY: No, I don't think we're in a damage control situation at all. I think the question of labor standards, as you know from Singapore even, has always been very, very controversial. It is for some countries intellectually controversial; for others emotionally controversial in each direction pro and con. There are very few countries that fall kind of in the middle line. Countries feel very strongly one way or another.

We ran into this actually pre-Singapore because this issue actually came up in the close of the Uruguay round, 1994. We ran into this at Singapore and we fully expected without question to run into the same kinds of both intellectual as well as emotional dialogues that we see today. That's very much the status quo situation since probably 1993 on this issue.

I do think we were able in Singapore finally to make some progress where at least countries recognize the importance of observing core labor standards -- international core labor standards. These are obviously not U.S. standards, these are the ILO standards that have been set and to which over 140 countries subscribe. That was significant in Singapore because never before had the GATT system or the WTO recognized at all the issue of the ILO core labor standards and many countries, of course, want to see progress beyond what was done in Singapore; others do not wish to see any further movement on this issue. And that is the way this issue is in terms of discussion and in terms generally of the kinds of very strong views and emotions that countries hold.

MR. SPERLING: Let me just -- I've answered this question a few times today, so let me just re-state it for any of those who were not at previous press briefings. The United States position is



very clear. We are focused on having a working group on trade and labor that would be a group that would analyze, explore, and be in a position to make recommendations on how trade and exporting impacts on issues of core labor standards. That is the sole focus of the United States in this launch of a new round.

What the President said -- (cell phone ringing) -- he's calling to --

(Laughter.)

MR. SPERLING: He clearly thinks I'm about to misquote.

AMBASSADOR BARSHEFSKY: Of course, we all know it Gene's mother.

(Laughter.)

MR. SPERLING: Watch me take off this ridiculous tag.

(Laughter.)

MR. SPERLING: The President said that clearly as we make progress in a multilateral fashion on areas like labor and environment, that down the road we'll ultimately -- (cell phone ringing) --

(Laughter.)

AMBASSADOR BARSHEFSKY: I think you've just destroyed U.S. Government property.

(Laughter.)

MR. SPERLING: I will start again. What the President said is that as we make -- as progress is made multilaterally on issues like labor and the environment, that down the road or ultimately progress will also need to be made multilaterally on issues of accountability. And, really, it's as simple as that. Our focus right now is simply on having a working group on labor and trade that would focus on analyzing, exploring, and being able to make recommendations on the variety of different issues that affect working families in all countries as to the impact of trade on core labor standards.

Q: I was wondering on a follow-up to the question about a possible change in the process, whether you might be able to indicate who would be in the group and, also, I guess what is the likelihood of getting beyond the built-in agenda at this point? What will it take in specifics? Will there be the industrial tariff aspect? Will there be some of the other aspects that some -- the broader agenda that some are seeking?

AMBASSADOR BARSHEFSKY: Should we have to resort to a narrower group, that question -- that is, should we -- will be made by the management committee as a whole. As to who, that will be made by the management committee as a whole. Neither I nor Mike Moore will make

those decisions without a consensus within the management group. There is no question about that.

With respect to your second question -- which I apologize, I've been sleepless in Seattle for a number of days -- which was?

Q: Market access.

AMBASSADOR BARSHEFSKY: Market access. Yes, yes. Sorry. The working group on market access which encompasses any and all issues related to tariff and non-tariff barriers and other such matters is still meeting.

The group on the so-called new issues which include competition, investment, a bunch of other things, is also in the process of still meeting. One of the reasons that we've provided the afternoon sessions for further work was that the chairs and the co-chairs of both of those groups felt that they were making progress and they wanted to continue the process that they had instituted within the working groups. And the management committee as a whole felt, fine, you know, if it's working, it's working; let's continue on that vein.

Those two groups, which are the two relevant groups to your question, are meeting even as we speak and they'll be meeting for several more hours yet.

Q: Seemingly speaking on behalf of the developing world, the Chinese Minister Shi Guangsheng mentioned this morning that he disagreed that an issue like labor rights -- he consider labor rights and nothing to do with WTO so it should be taken off the table. I guess that, as you mentioned, that this kind of debate is beginning since Singapore.

But given China's status -- they are not yet to be in the WTO -- I don't know how, as the hosting country, you see this as a developing world versus the developed world or a China-U.S. issue.

AMBASSADOR BARSHEFSKY: It is certainly not an issue confined to any set of bilateral relations. I think for any country, certainly Mr. Shi has expressed the view of China. You know that China's not a member of the WTO but they are here as an observer and, obviously, all of the observers, to the extent they wish, may express their views.

It doesn't add to the debate one way or another in the sense that there are many countries who believe these issues are not appropriately part of the WTO process. There are a number of countries that believe they are appropriately part of the WTO process. So he is simply indicating his view, which is one shared by a number of countries and a view contrary to the views held by a number of countries. That's all it is.